



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 23, 2013

Certified Return Receipt
7011 0110 0001 3568 0659

Bond Safeguard Insurance Company
900 South Frontage Road, Suite 250
Woodridge, Illinois 60517

Subject: Cancellation of Surety Bond Numbers 1 and 2, Ziegler Chemical and Mineral, Cowboy Bandana and Neal State Mines, M/047/0013 and S/047/0063, Uintah County, Utah

Dear Sir or Madame:

The Utah Division of Oil, Gas and Mining (Division) received your letter dated January 9, 2013, regarding cancellation of surety bonds [redacted], and [redacted] in the amounts of \$450,200.00, \$30,800.00, and \$7500.00, respectively, effective 90 days from the Division's receipt of your letter. The Division received the letter January 15, 2013; 90 days from that date is April 15, 2013. The mine operator, Ziegler Chemical and Mineral Corporation, is being advised that replacement sureties must be provided by March 14, 2013.

Bonds [redacted] and [redacted] are associated with the Division's permit number M/047/0013, and bond [redacted] is for permit number S/047/0063.

Under the terms of the above referenced surety bonds, Bond Safeguard Insurance Company remains liable for reclamation of the existing disturbances. If the sureties are not replaced by March 14, 2013, the Division will immediately issue cessation orders to Ziegler Chemical and Mineral Corporation and demand that it commence reclamation. Failure of the operator to reclaim the mines within 30 days of issuance of the cessation orders may result in the Division making demand on Bond Safeguard Insurance Company to either proceed with reclamation or to pay to the Division the amounts of the bonds. If Bond Safeguard Insurance Company fails to complete reclamation or make payment as requested, the Division may proceed to file a Request for Agency Action with the Board of Oil, Gas and Mining to seek forfeiture of the bonds.



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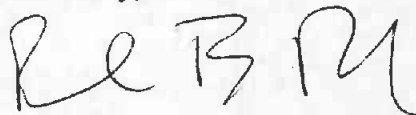
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Bond Safeguard Insurance Company
M/047/0013 and S/047/0063
January 23, 2013

Please confirm that you remain responsible as surety for the reclamation of the existing disturbances. We also ask that you advise the Division immediately if there is any reason or if any conditions arise that may preclude you from continuing as surety for reclamation of the existing disturbances.

Thank you for your cooperation. If you have any questions, please feel free to call me at 801-538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. B. M.', written over the typed name Paul Baker.

Paul Baker
Minerals Program Manager

PBB:pb

Enclosure Letter to operator dated January 17th, 2013, and copy of surety

Cc: Bill Buge', Bureau of Land Management
Will Stokes, SITLA
Ziegler Chemical and Mineral

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